

**SURREBUTTAL TESTIMONY OF**

**CHARLES E. JACKSON**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2019-290-WS**

**IN RE: APPLICATION OF BLUE GRANITE WATER COMPANY FOR  
APPROVAL TO ADJUST RATE SCHEDULES AND INCREASE RATES**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

**A.** My name is Charles E. Jackson. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the South Carolina Office of Regulatory Staff (“ORS”) as an Auditor.

**Q. DID YOU FILE DIRECT TESTIMONY RELATED TO THIS PROCEEDING?**

**A.** Yes. I filed direct testimony with the Public Service Commission of South Carolina (“Commission”) on January 23, 2020.

**Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my surrebuttal testimony is to respond to the rebuttal testimony filed by Blue Granite Water Company (“Company” or “BGWC”) witness Denton on February 6, 2020 regarding employee service awards.

**Q. DOES ORS AGREE THAT THE COMPANY SHOULD BE ALLOWED TO RECOVER THE COSTS ASSOCIATED WITH EMPLOYEE SERVICE AWARDS?**

1    **A.**           No. Company witness Denton proposes that employee service awards should be  
2           recovered from the Company's customers as he asserts they help attract and retain  
3           employees. Witness Denton's rationale, taken to its logical end, could also be used to  
4           support any number of nonallowable expenses not directly related to the provision of safe  
5           and reliable service. In that sense, his reasoning should not be a factor in determining  
6           recoverability of Company expenses.

7           Additionally, the employee service awards that ORS is proposing to remove are not  
8           based on any performance criteria. The Company's Salary Adjustment Workpaper states  
9           that the costs "includes awards to employees who reach career milestones e.g., 20-year  
10          anniversary, etc.", therefore, these awards are based on length-of-service. The removal of  
11          these types of awards is consistent with Commission Order Nos. 1991-595 on page 23,  
12          1994-1229 on page 26, 1996-15 on page 31 and most recently Commission Order 2019-  
13          341 on page 81, "It is the established practice of this Commission to disallow ... length of  
14          service awards." In this last case, the Commission found it troubling that the utility  
15          attempted to pass through such costs to customers, stating that they have "at best a  
16          tangential relation to [the utility]'s provision of adequate and reliable" service.

17   **Q.    WILL YOU UPDATE YOUR SURREBUTTAL TESTIMONY BASED ON**  
18   **INFORMATION THAT BECOMES AVAILABLE?**

19   **A.**           Yes. ORS fully reserves the right to revise its recommendations via supplemental  
20          testimony should new information not previously provided by the Company, or other  
21          sources, becomes available.

22   **Q.    DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

23   **A.**           Yes, it does.